

STRATTON CONSTRUCTION
P O BOX 251
ST. GEORGE, UTAH 84771

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FEB - 6 2003

TRUST LANDS
ADMINISTRATION

m/53/073

February 3, 2003

State Of Utah
SITLA
Attn: John T Blake
675 E 500 S Suite 500
Salt Lake City, UT 84102-2818

RECEIVED

FEB 10 2003

DIV. OF OIL, GAS & MINING

Dear John:

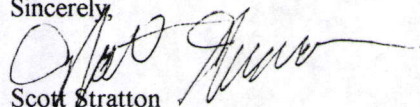
Re: Production Royalty Payments

In the lease agreement item C paragraph 3, it talks about a transmittal form that is to accompany payments. I cannot find a copy of this form in any of the information that has been sent to me. Will you please forward this form to me? There was a payment made of \$400 at the time of application, which to my understanding would go towards materials taken from the permit area. Will SITLA be providing any kind of statements showing payments that will reflect that credit?

Secondly, I wish to bring to your attention a situation with the adjacent property owner. I believe the owner of the property is Rowland Stone, Mr. Robert Rowland. Excavation of his property had been done prior to my acquiring ownership of the property and prior to being contacted by SITLA and being made aware that SITLA owned the mineral rights in the area. This excavation has continued through the present time. Since I received the permit, I have contacted Mr. Rowland and after explaining the situation, asked him to provide me with monthly reports indicating quantities of materials removed and payment for said materials, which I could then forward to you. I have received no response to my repeated requests for this information and would like you to take whatever measures are necessary to stop the removal of materials from this area for which I have the permit. His business address is 1203 W Sunset Blvd., St. George, UT 84770.

I would like to remain current with any payments due to the State, so I would appreciate you expediting the above requested information to me at your earliest convenience.

Sincerely,



Scott Stratton
STRATTON CONSTRUCTION